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SUBJECT: SERBIA: GOVERNMENT STUCK

Summary -----

1. (SBU) The continuing political crisis in the Serbia has brought the government to a standstill. Prime Minister Kostunica refuses to convene his Cabinet and the Speaker refuses to convene Parliament. The first casualty of the show-down between the members of the ruling coalition is the interim agreement for cooperation with Europe the signing of which the EU has had to postpone. The second casualty may be the Prime Minister. There seems little likelihood that Kostunica will recover from his self-inflicted -- even irrational -- blows and no one seems eager to join ranks with him in a new coalition. His phoenix-like qualities, however, remain his main strength. End Summary.

Government Paralyzed -----

2. (U) The Government has delayed the signing of an interim cooperation agreement with the European Union, originally scheduled for February 7. Prime Minister Kostunica refuses to convene a regular government session, thereby preventing the Cabinet from authorizing Deputy Prime Minister Djelic to sign the agreement. On February 5, the Prime Minister attempted to refer the matter to Parliament (ref A), where the SRS and DSS blocs would undoubtedly kill the agreement, but Parliament Speaker Dulic (DS) kicked it back to the Cabinet. After consulting with the President early February 6, Dulic commented on radio that common practice called for the Government to refer matters to Parliament with a recommendation. The Speaker said he would wait patiently for the Government to convene and follow this practice. His adviser told poloff that the Speaker then promptly left town, with plans to return in time for the meeting of party whips that he called for Monday morning, February 11. Echoing the Speaker's message and challenge in a radio broadcast later in the evening, President Tadic called on Kostunica to schedule a government session for Thursday, February 7. Parliament can not replace Government, Tadic said.

The PM Stands Alone No One to the Rescue -----

3. (U) The morning of February 6, Radical Party (SRS) leader Tomislav Nikolic dispelled rumors (circulating about town all night via SMS) of a deal to form a coalition with Kostunica's Democratic Party of Serbia. In a statement on B92 television, Nikolic said he saw no sense in supporting those whose party strength is so uncertain and who chose not to accept his cooperation in the past. A Liberal Democratic Party contact summed up the increasingly common assessment of the week's events: "Kostunica's ship is sinking."

Radical Rebuff -----

4. (U) In his televised statement, Nikolic was equally dismissive

of Prime Minister and President. Referring to Tadic's election-day announcement that he would seek to meet with Nikolic soon, Nikolic rejected the gesture. "We congratulated each other after the election, and that is the only contact we expect to have" for the time being, he said. The government opposition is in good shape, he said and advised coalition partners to meet with one another, rather than with him. Until the government crisis and Kosovo issues were resolved, Nikolic said he would not seek meetings with either Kostunica or Tadic. A Tadic advisor taken aback by Nikolic's remarks said that the President had proposed the meeting to demonstrate respect for the two million voters who had supported his Radical Party opponent and to show that Tadic wanted to be President of all Serbians, despite their differences. The advisor called Nikolic's comments "shameful."

Constitutional Limbo

¶6. (U) In the absence of government authorization of the DPM, the Democratic Party was looking for an alternative mechanism that would allow the EU agreement signing to go forward. Presidential Foreign Policy Advisor Jovan Ratkovic said that until Tadic took the oath of office under the 2006 Constitution, he had questionable authority to act without government concurrence. (Serbia's adoption of a new Constitution in 2006 required the Speaker of Parliament to call for presidential elections nearly 18 months before the end of Tadic's term of office. His inauguration and swearing in under the 2006 Constitution is currently set for February 15.)

Fixing the Government

¶7. (SBU) Neither Tadic's advisor nor Kostunica's saw a possibility of the ruling coalition surviving much longer. The situation was deteriorating daily, PM Advisor Miroslav Sestovic told poloff. Sestovic implied that the PM had overreacted to the proposed EU agreement, which he described as "just a statement of good will," but he saw no way to bring the sides back together. "It would take a miracle," said President's Ratkovic.

Kostunica's Mental Stability

¶8. (SBU) Growing buzz around Belgrade questions Kostunica's mental health. After surviving political crisis after political crisis, his current grasp on reality appears shaky. A number of high-ranking Serbian Government officials have said during the last 24 hours that Kostunica was alternately unbalanced, unstable, irrational, and incapacitated. There are rumors in recent months that Kostunica does not consult with his DSS advisors and mostly relies on the rabidly anti-American, shadowy Chief of Staff Aleksandar Nikitovic -- and Russians.

Road Ahead

¶9. (SBU) All interlocutors with whom emboffs spoke today expect the government to fall. With no apparent support for a minority government or DSS participation in a coalition, President Tadic would have to call parliamentary elections. The earliest likely date would be in May, coinciding with scheduled local elections.

Comment

¶10. (SBU) The challenges to Tadic's authority and political agenda, days after his reelection, may have provided the President an opportunity, not only to stand up to Kostunica, but to get rid of him. The PM and President have sparred for years, but their relationship kept each other in power. For the past month, however, Tadic has repeatedly challenged the Prime Minister and emerged stronger for it. Though his future looks bleak, Kostunica's ability to survive are extraordinary, perhaps his strongest quality. End comment.

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